

KAREN BRINKMANN PLLC  
555 Eleventh Street, NW  
Mail Station 07  
Washington, DC 20004-1304  
[KB@KarenBrinkmann.com](mailto:KB@KarenBrinkmann.com)  
202-365-0325

December 21, 2011

**CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN  
CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135, 10-90 AND GN DOCKET  
NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION --  
REDACTED FOR PUBLIC INSPECTION**

By Hand Delivery & Electronic Filing

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
Room TW-A325  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: *Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; Connect America Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337; A National Broadband Plan for Our Future, GN Docket No. 09-51*

Dear Ms. Dortch:

Alaska Communications Systems Group, Inc. (“ACS”), hereby supports the recent filings by the Mid-Sized Price Cap Carriers<sup>1</sup> urging the Commission to revisit its recent decision to adopt bill-and-keep as the default compensation methodology for intra-MTA traffic between CMRS providers and local exchange carriers (“LECs”) under section 20.11 and Part 51 of the Commission’s rules, effective December 29, 2011.<sup>2</sup>

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<sup>1</sup> Letter from Karen Brinkmann, Karen Brinkmann PLLC, on behalf of CenturyLink, FairPoint, Frontier and Windstream, to Marlene H. Dortch, FCC Secretary, in CC Docket No. 01-92, WC Docket Nos. 10-90, 07-135, 05-227, and GN Docket No. 09-51 (filed Dec. 14, 2011); letter from Jeffrey Lanning, CenturyLink, Michael Skrivan, FairPoint, Michael Saperstein, Jr., Frontier, and Jennie Chandra, Windstream, to Marlene H. Dortch, FCC Secretary, in CC Docket No. 01-92, WC Docket Nos. 10-90, 07-135, 05-227, and GN Docket No. 09-51 (filed Dec. 20, 2011).

<sup>2</sup> See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support*;

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ACS agrees with the Mid-sized Price Cap Carriers that the FCC erred in concluding that “the impact [of this change] is not significant” for incumbent LECs (“ILECs”).<sup>3</sup> In fact, for the ACS ILECs the financial impact will be more significant than for most other ILECs, because the entire state of Alaska is a single Major Trading Area (“MTA”) under the FCC’s rules. Moreover, under ACS’s interconnection agreements with CMRS providers, the average reciprocal compensation rate for billed, non-transit CMRS-LEC traffic within the Alaska MTA is **\*BEGIN CONFIDENTIAL\*** **\*END** **CONFIDENTIAL\*** higher than the \$0.0007 that the FCC believes many ILECs charge CMRS carriers today for terminating intra-MTA traffic.<sup>4</sup> Therefore, the new rule for LEC-CMRS traffic will have a substantial detrimental impact on ACS unless the FCC postpones the effective date.

As observed by the Mid-sized Price Cap Carriers, the *Comprehensive Reform Order* fails to mitigate the negative financial impact of this change for the first half of 2012, because the transition to bill-and-keep occurs immediately, while the access recovery mechanism (“ARM”) is not implemented until July 1, 2012. Though the ARM is designed to partially and temporarily replace inter-carrier compensation revenues subject to mandatory reductions under the FCC’s rules, no provision appears to have been made for the LEC-CMRS revenue reductions scheduled to take effect on December 29.<sup>5</sup>

The immediate implementation of bill-and-keep also presents a significant administrative burden for ACS, as for the Mid-sized Price Cap Carriers, because of required billing changes for the ACS ILECs, as well as change-of-law provisions in applicable contracts that could result in mandatory renegotiation of ACS agreements with CMRS providers. ACS notes that, under some agreements, rate changes mandated by the change in the FCC’s rules would be effective as of the effective date of the new rules, regardless of when the carriers

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*Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, at ¶¶ 988-1002 (rel. Nov. 18, 2011) (“*Comprehensive Reform Order*”).

<sup>3</sup> *Id.* at ¶ 997.

<sup>4</sup> *Id.*

<sup>5</sup> See Section 51.915(f) of the FCC’s new rules.

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complete any required amendment to the agreement. ACS believes that the Commission may have wrongly assumed the December 29 effective date would have no immediate impact on ILECs.

ACS therefore urges the Commission to delay implementation of bill-and-keep for CMRS-LEC rates at least until July 1, 2012, coinciding with implementation of the ARM. This reform would provide ACS a reasonable amount of time to revise interconnection agreements in an orderly fashion, and allow the ACS ILECs an opportunity to recover a portion of the foregone revenue resulting from the CMRS termination rate changes.

ACS files the Confidential Information marked herein in bold lettering, pursuant to the Protective Order in CC Docket No. 01-92, WC Docket Nos. 05-337, 07-135, and 10-90 and GN Docket No. 09-51 (DA 10-1749, rel. Sept. 16, 2010) (*Protective Order*). This confidential treatment is required to protect ACS-proprietary and confidential information that is market-sensitive.

Pursuant to the *Protective Order*, enclosed herewith are one copy of the Stamped Confidential Document and two copies of the Redacted Confidential Document, as defined in the Protective Order. ACS also is sending two copies of the Stamped Confidential Document to Ms. Lynne Hewitt Engledow, Pricing Policy Division, Wireline Competition Bureau.

Please contact me if you have any questions.

Sincerely,

/s/

Karen Brinkmann  
*Counsel for ACS*

CC: Lynne Hewitt Engledow, Pricing Policy Division  
Wireline Competition Bureau